

21. DECKER ISLAND UNIT AGREEMENT COVERING A PORTION OF THE LANDS INCLUDED WITHIN GAS LEASE ISSUED IN EXCHANGE FOR GAS LEASE EASEMENT NO. 415.1, SACRAMENTO AND SOLANO COUNTIES - W.O. 6189, E-415.1 - DECKER ISLAND UNIT.

After consideration of Calendar Item 25 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT THE FORMATION OF DECKER ISLAND UNIT NO. 1 BY COMMUNITIZATION AGREEMENT DATED MARCH 15, 1966, ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE, AND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE OPERATING AGREEMENT DATED MARCH 15, 1966, COVERING OPERATIONS IN SAID UNIT, ARE IN THE PUBLIC INTEREST FOR THE PURPOSE OF PROMOTING CONSERVATION AND PREVENTING UNREASONABLE WASTE OF NATURAL GAS, CONDENSATE, AND ASSOCIATED HYDROCARBONS;
2. APPROVES THE AFORESAID COMMUNITIZATION AGREEMENT AND AFORESAID OPERATING AGREEMENT (WITH EXHIBITS) ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE; AND
3. AUTHORIZES THE EXECUTIVE OFFICER TO EXECUTE THE JOINDER AGREEMENT DESIGNATED EXHIBIT "D" ATTACHED HERETO AND HEREBY MADE A PART HEREOF.

Attachment

Calendar Item 25 (7 pages)

25.

DECKER ISLAND UNIT AGREEMENT COVERING A PORTION OF THE LANDS INCLUDED WITHIN GAS LEASE ISSUED IN EXCHANGE FOR GAS LEASE EASEMENT NO. 415.1, SACRAMENTO AND SOLANO COUNTIES - W.O. 6189.

Agreement for Easement No. 415.1, covering tide and submerged land areas in the beds of the Sacramento and San Joaquin Rivers and other inland waters and certain upland interests in Contra Costa, Sacramento, San Joaquin and Solano Counties, was issued on June 3, 1940. On December 20, 1963, the Commission authorized the issuance of a new lease in exchange for Agreement for Easement 415.1 in accordance with the provisions of Section 6827, Public Resources Code. The Unit Agreement, Rio Vista Gas Unit, was subsequently formed, and, on September 24, 1964, the State Lands Commission authorized the Executive Officer to execute a joinder agreement in connection with the unit agreement (Minute Item 20, page 10,477). This agreement covered the greater part of the State land embraced within the boundary of the lease.

Now, five companies, Mohawk Petroleum Corp., Anza Pacific Corp., Signal Oil and Gas Company, Texaco Inc., and Standard Oil Company of California, holding leases in the area (Exhibit "A") have undertaken to form another unit containing 579.44 acres, Tracts 1, 2 and 3 (Exhibit "B"), and to include within that unit 173.83 acres, Tract 3 (Exhibit "B") described in Exhibit "C", of State tide and submerged land and reserved upland mineral interest within the aforesaid lease lying outside of the existing Rio Vista Gas Unit Agreement. This new unit is to bear the title "Decker Island Unit No. 1". Signal Oil and Gas Company has been designated operator of the new unit. The agreement provides that the operator shall commence drilling a well on or before August 31, 1966. The cost of the drillsite for the first well is not to exceed a $3\frac{1}{2}\%$ overriding royalty. All costs incurred in connection with this and subsequent surface locations shall constitute expenses in determining net profits. The State will share in the net profits and will receive the same royalty share of the gas, to the extent of Standard's participation, that it has received in the past on the established production under the State lease. Standard's participation is to be 32% of the gas and natural gasoline produced from the unit.

A Communitization Agreement is required because of Federal lands to be included in the unit, Tract 1 (Exhibit "B").

Section 6832 of the Public Resources Code, provides in part: 'For the purpose of more properly conserving the natural resources of any oil or gas pool or field, or any part thereof, lessees hereunder and their representatives may unite with each other jointly or separately, or jointly or separately with others owning or operating lands not belonging to the State, including lands belonging to the United States, in collectively adopting and operating under a cooperative or unit plan of development or operation of the pool or field, or any part thereof, whenever it is determined by the Commission to be necessary or advisable in the public interest'.

In addition to participation in any production developed, the State will benefit from this agreement in that after formation of the unit the well to

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be drilled will help evaluate the oil and gas potential of this parcel of State land and to promote conservation of natural resources. None of the companies holds enough acreage in the vicinity to justify the expense of an exploratory well without support from other companies. The staff has reviewed the proposed agreements covering operations in said unit, and has determined that the entering into and performance of the operating agreement is in the public interest and will promote conservation and prevent unreasonable waste of natural gas, condensate, and associated hydrocarbons.

In the opinion of the office of the Attorney General, the Communitization Agreement, the Operating Agreement, and the Agreement for Joinder by the State of California all conform with applicable provisions of law and the Rules and Regulations of the State Lands Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE FORMATION OF DECKER ISLAND UNIT NO. 1 BY COMMUNITIZATION AGREEMENT DATED MARCH 15, 1966, ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE, AND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE OPERATING AGREEMENT DATED MARCH 15, 1966, COVERING OPERATIONS IN SAID UNIT, ARE IN THE PUBLIC INTEREST FOR THE PURPOSE OF PROMOTING CONSERVATION AND PREVENTING UNREASONABLE WASTE OF NATURAL GAS, CONDENSATE, AND ASSOCIATED HYDROCARBONS;
2. APPROVE THE AFORESAID COMMUNITIZATION AGREEMENT AND AFORESAID OPERATING AGREEMENT (WITH EXHIBITS) ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE; AND
3. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE JOINDER AGREEMENT DESIGNATED EXHIBIT "D" ATTACHED HERETO AND HEREBY MADE A PART HEREOF.

Attachments

Exhibits "C" and "D"

EXHIBIT "C"TRACT 3

PARCEL 3: All lands lying within and below the Sacramento River Channel (and Horseshoe Bend Channel) now owned by the State of California and lying Southerly and Westerly of Parcels 1 and 2 above; Northerly and Easterly of a line projected between a point known as United States Geological Survey Pier No. 4 and a point which is the Southwest corner of State (of California) Swamp Land Survey No. 530; and Southwesterly of a line projected North 50° 30' West from Bench Mark (elevation 17 feet) located on the South bank of said Horseshoe Bend as shown on United States Geological Survey Quadrangle "Jersey Island, Calif. N. 3800-W 12137.5/7.5 1952."

PARCEL 4: All of that certain tract or parcel of real property on Sherman Island, situate in and being portions of Swamp and Overflow Surveys numbered 534, 522, 532, and 533; also said tract lies in projected Sections 22, 27 and 28, in Township 3 North, Range 2 East, MDB&M., Sacramento County, California; said tract being that land conveyed to the State of California and described in those certain three deeds, the first by M. J. Fontana and wife, recorded June 7, 1917, in Book 470 of Deeds, at Page 106, Sacramento County Records; the second deed by N. C. Anderson and wife, recorded March 5, 1917, in Book 461 of Deeds, at Page 464, Sacramento County Records; and the third deed by Peter Larsen, recorded March 5, 1917, in Book 461, of Deeds, at Page 462, Sacramento County Records; said tract being more particularly described as follows: BEGINNING at a point designated as point "Q", which point is located South 16° 11' 15" East, 3861 feet from a certain concrete monument known as United States Geological Survey Pier No. 4, which monument is located on the North side of the Sacramento River on a hill about 500 feet Northeasterly from a Machine Shop at Tolands Landing in Solano County, California, said point "Q" being also located on the Southerly boundary and South 55° 07' 30" West, 730.6 feet from the Southeast corner of the first tract of land to which fee simple title was conveyed by Mrs. Laura E. Wood to the City of Sacramento, by deed dated June 17, 1912, and recorded July 27, 1912, in Book 359 of Deeds, Page 454, and subsequently conveyed by City of Sacramento to United States Government on October 31, 1912; thence from said point of beginning, North 55° 07' 30" East, 730.6 feet to the Northwest corner of Parcel 1 of said land conveyed in deed by N. C. Anderson and wife; thence continuing on North 55° 07' 30" East, 1032.9 feet to the Northeast corner of Parcel 1 of said land conveyed by N. C. Anderson, which said corner is also the Northwest corner of that certain 44.06 acre tract described as Parcel 2 in deed to the said land conveyed by N. C. Anderson to State of California; thence continuing on North 55° 07' 30" East, 762.1 feet to the Northeast corner of said last named Parcel 2; thence continuing on North 55° 07' 30" East, 75 feet to the left or Southerly bank of the Sacramento River, said point being the most Northerly corner of that said land conveyed in said deed by Peter Larsen to State of California; thence upstream along the said left bank of the Sacramento River, South 53° 50' 30" East, 734.88 feet to the most Northerly corner of that land conveyed by Mary Larsen and Peter Larsen to John Melchior and wife, by deed dated October 27, 1911, and recorded in Book 324 of Deeds, at Page 272, Sacramento County Records; thence leaving said bank of the Sacramento River and along the West boundary of said land conveyed to John Melchior and

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wife, which boundary is also the East boundary of that said land conveyed in said deed by Peter Larsen to State of California, South 0° 17' West, 69.0 feet to an iron pipe monument set in concrete, delineated and described as "Number 5" on that map entitled "Tract of Land owned by C. E. Upham," filed October 4, 1939, in Volume 3 of Surveys, at Page 133, Sacramento County Records; thence following the boundaries of the land described in Decree Quieting Title recorded July 2, 1940, in Book 821 of Official Records, Page 491, C. E. Upham, plaintiff, vs. Mary K. Frazier and others, defendants, the following ten courses and distances: South 0° 17' West, 576.15 feet to the most Southerly corner of said land conveyed by said deed to John Melchior; thence along the Southerly boundary of said land conveyed by Peter Larsen to State of California, which said Southerly boundary originally was a small slough, South 36° 32' West, 201.30 feet to a point; thence South 21° 02' West, 256.08 feet to a point; thence South 9° 32' West, 207.24 feet to a point; thence South 28° 47' West, 159.08 feet to a point; thence South 72° 02' West, 184.80 feet to a point; thence South 77° 17' West, 163.68 feet to a point on the Easterly boundary of said 44.06 acre tract designated as Parcel 2, conveyed in deed by N. C. Anderson to said State of California; thence along said Easterly boundary South 0° 17' West, 1336.9 feet to the Southeast corner of said 44.06 acre tract, which corner is also the center of said Section 27; thence along the South boundary of said Parcel 2 and said Parcel 1, conveyed in said deed by said N. C. Anderson, North 89° 30' West, 15.77 feet to a monument designated as "Number 4", as shown on the said recorded map of the land owned by C. E. Upham; thence continuing North 89° 36' 30" West, 1455.37 feet to the Southwest corner of said last named Parcel 1, which corner is also a corner of the lands of the Fontana Estate as shown upon the map thereof filed September 17, 1941, in Volume 3 of Surveys, Survey No. 165; thence following the boundaries of the Fontana Lands so shown the following three courses and distances: North 0° 17' East, 1314.4 feet to a point on the north bank of a main drainage canal which point is the Southeast corner of said land conveyed in said deed by M. J. Fontana to the said State of California and from which last named point an iron pipe monument set in concrete bears South 0° 17' West, 35.0 feet; said Southeast corner being located S. 0° 17' West, 859.51 feet from said Northeast corner of said tract conveyed in said deed by M. J. Fontana; thence along the North bank of said main drainage canal South 63° 33' West, 141.77 feet to a point; thence continuing along said bank of said main drainage canal South 43° 27' West, 4431.3 feet to a point; which point is also the most Easterly point of the lands now or formerly owned by Wilbur George; thence leaving said bank of said main drainage canal and following the boundary of the lands now or formerly owned by Wilbur George, the following five courses and distances: North 37° 13' West, 198.4 feet to a point; thence South 89° 03' West, 396.7 feet to a point; thence North 0° 18' East, 391.0 feet to a point; thence South 86° 05' West, 922.3 feet to a point on the most Westerly boundary of said tract conveyed in said deed by M. J. Fontana; said last named point being located 1848 feet East of the West boundary of said Section 28; said point being also located North 967.0 feet from an iron pipe monument set in concrete; said reference monument being also located 1848 feet East from the West boundary of said Section 28; said reference monument being also the Southwest corner of that land conveyed by Sacramento and San Joaquin drainage District to Nellie T. Fontana, and others, recorded January 5, 1927, in Book 101 of Official Records, at Page 416, Sacramento County Records, and from which reference monument another

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iron pipe monument set in concrete bears North 88° 43' East, 709.32 feet; thence from said point on the most Westerly boundary of said tract conveyed in said deed by M. J. Fontana, North 0° 18' West, 397.58 feet to the Southwest corner of that certain 27.82 acre tract of land described as an exception in said conveyance by M. J. Fontana to State of California; thence along the Southerly boundary of said 27.82 acre tract, North 60° 32' 45" East, 1866.3 feet to a point; thence North 56° 44' 45" East, 2166.68 feet to the Southeast corner of said 27.82 acre tract; thence along the Easterly boundary of said 27.82 acre tract North 0° 18' East, 359.99 feet to the Northeast corner of said tract; thence along the said Southerly boundary of the first tract of land conveyed in said deed by Mrs. Laura Wood to the City of Sacramento, North 56° 44' 45" East, 690.3 feet to the point of beginning, containing 225.79 acres, more or less. EXCEPTING THEREFROM all that portion of the above described lands lying Southwesterly of a line projected between a point known as United States Geological Survey Pier No. 4 and a point which is the Southwest corner of State (of California) Swamp Land Survey No. 530.

EXHIBIT "D"

AGREEMENT BY THE STATE OF CALIFORNIA TO JOINDER
TO THE DECKER ISLAND UNIT NO. 1 OF CERTAIN LANDS
OF THE STATE OF CALIFORNIA SITUATE IN
SACRAMENTO AND SOLANO COUNTIES, CALIFORNIA

The State Lands Commission of the State of California determined at its regular meeting held on _____, that the formation of Decker Island Unit No. 1 by Communitization Agreement dated March 15, 1966, covering certain lands of the State of California in Sacramento and Solano Counties, and that the entering into and the performance of Operating Agreement dated March 15, 1966, covering operations in said Unit are in the public interest for the purpose of promoting conservation and preventing unreasonable waste of natural gas, condensate and associated hydrocarbons, and the Commission approved the aforesaid Communitization Agreement and Operating Agreement with the accompanying exhibits on behalf of the State pursuant to applicable laws.

Under Section 6832 of the Public Resources Code the Lessees of State lands may, whenever it is determined by the Commission to be necessary or advisable in the public interest, unite with each other jointly or separately, or jointly or separately with others owning or operating lands not belonging to the State, in collectively adopting and operating under a unit plan of development or operation of a field for the purpose of more properly conserving the natural resources of the gas field.

The Commission on behalf of the State as royalty interest owner, hereby agrees to and affirms the joinder by its Lessee of the State Lands described below to said Decker Island Unit No. 1 and said Operating Agreement (and agrees that any default on State lands included in said Unit shall not

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affect Lessee's rights on the portion of such lands not so included and that any default on the portion of State lands not included in said Unit shall not affect Lessee's rights on the portion included in said Unit).

That portion of those certain lands of the State of California described in Paragraph 1 of the "Gas Lease Issued in Exchange for Gas Lease Easement No. 415.1," dated December 20, 1963, issued pursuant to Section 6827 of the Public Resources Code, described as Parcel 3 and Parcel 4 in Exhibit B to said Communitization Agreement dated March 15, 1966.

Dated: _____, 1966.

STATE LANDS COMMISSION OF
THE STATE OF CALIFORNIA,

By _____
F. J. HORTIG
Executive Officer